

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

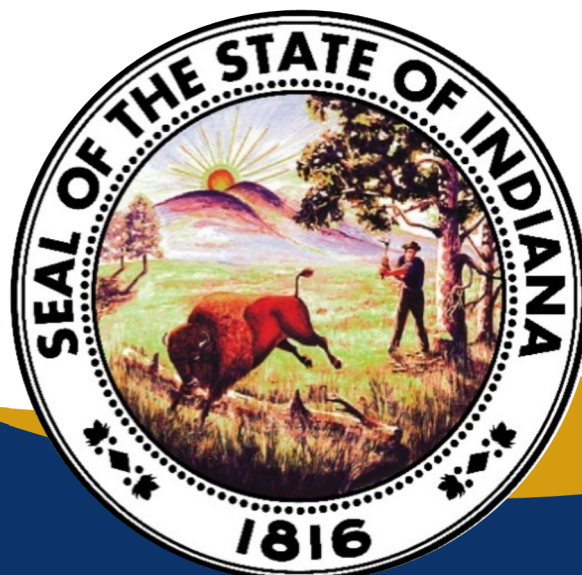
COMPLIANCE ENGAGEMENT REPORT

OF

ELK CREEK CONSERVANCY DISTRICT

WASHINGTON COUNTY, INDIANA

January 1, 2021 to December 31, 2024



FILED

05/15/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3
Comments	4-6
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	8-9
Exit Conference.....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Donna Jent	01-01-21 to 12-31-25
President of the District Board	Kevin Baird	01-01-21 to 12-31-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

TO: THE OFFICIALS OF THE ELK CREEK CONSERVANCY
DISTRICT, WASHINGTON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Elk Creek Conservancy District (District), for the period of January 1, 2021 to December 31, 2024. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 10, 2025

ELK CREEK CONSERVANCY DISTRICT
COMMENTS

CONFLICT OF INTEREST

Condition and Context

Internal controls were not in place to ensure that conflict of interest disclosures were properly made by the District. A conflict of interest exists between the District and one of the District Directors, due to the District Director's pecuniary interest in a company that provided mowing services to the District for three of the four years under examination. Although the conflict was disclosed to and approved by the District Board each year, the required disclosure was only filed with the Indiana State Board of Accounts for one of three years that services were performed. Based on the circumstances, the Indiana State Board of Accounts would have expected to receive a conflict of interest disclosure for this related-party transaction for each of the three years that related-party transactions occurred, which set forth the District Director's financial interest for those transactions.

In addition, there was no evidence that any conflict of interest disclosure was filed with the Washington County Clerk of the Circuit Court for any year during which services were performed in a related-party transaction during our engagement period.

Amounts paid to this vendor during the engagement period totaled \$6,550.

Criteria

Indiana Code 35-44.1-1-4(d) states in part:

"A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

Conflict of interest disclosures must be completed on Gateway. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ELK CREEK CONSERVANCY DISTRICT
COMMENTS
(Continued)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CONTRACTS

Condition and Context

Internal controls were not in place to ensure payments for contractual services were supported by written contracts. Payments were made by the District to three separate vendors for mowing and dam maintenance services during the engagement period. The following exceptions were noted:

	Per Vendor			Per Year			
	Vendor 1	Vendor 2	Vendor 3	2021	2022	2023	2024
Noncompliance Noted:							
No evidence of contract:							
2021	\$ 1,250	\$ -	\$ -	\$ 1,250	\$ -	\$ -	\$ -
2022	3,050	-	-	-	3,050	-	-
2023	2,250	-	-	-	-	2,250	-
2024	-	-	13,455	-	-	-	13,455
Contract's existence noted in District Board meeting minutes but not provided for review:							
2022	-	13,410	8,375	-	21,785	-	-
Amounts charged in excess of contractual rate per contract line item:							
2021	-	1,200	-	1,200	-	-	-
2023	-	1,000	-	-	-	1,000	-
2024	-	1,770	-	-	-	-	1,770
Amounts charged in excess of yearly contractual threshold:							
2023	-	555	-	-	-	555	-
2024	-	1,950	-	-	-	-	1,950
	<u>\$ 6,550</u>	<u>\$ 19,885</u>	<u>\$ 21,830</u>	<u>\$ 2,450</u>	<u>\$ 24,835</u>	<u>\$ 3,805</u>	<u>\$ 17,175</u>
Grand Totals per vendor and per year			<u>\$ 48,265</u>				<u>\$ 48,265</u>

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ELK CREEK CONSERVANCY DISTRICT
COMMENTS
(Continued)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

ELK CREEK CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General	\$ 45,753	\$ 28,326	\$ 15,839	\$ 58,240	\$ 31,627	\$ 37,659	\$ 52,208
Cumulative Maintenance	<u>19,574</u>	<u>2,376</u>	<u>8,210</u>	<u>13,740</u>	<u>2,525</u>	<u>-</u>	<u>16,265</u>
Totals	<u>\$ 65,327</u>	<u>\$ 30,702</u>	<u>\$ 24,049</u>	<u>\$ 71,980</u>	<u>\$ 34,152</u>	<u>\$ 37,659</u>	<u>\$ 68,473</u>

ELK CREEK CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
General	\$ 52,209	\$ 36,934	\$ 28,820	\$ 60,323	\$ 33,082	\$ 40,957	\$ 52,448
Cumulative Maintenance	<u>16,265</u>	<u>2,869</u>	<u>-</u>	<u>19,134</u>	<u>2,452</u>	<u>-</u>	<u>21,586</u>
Totals	<u>\$ 68,474</u>	<u>\$ 39,803</u>	<u>\$ 28,820</u>	<u>\$ 79,457</u>	<u>\$ 35,534</u>	<u>\$ 40,957</u>	<u>\$ 74,034</u>

ELK CREEK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were communicated to Donna Jent, Fiscal Officer; Kevin Baird, President of the District Board; William Deaton, District Board member; and Dustin Howard, Counsel Attorney, on April 30, 2025.